GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2890
ANSWERED ON:07.12.2001
RBI ENQUIRY AGAINST BOGUS OCBS
UMMAREDDY VENKATESWARLU

Will the Minister of FINANCE be pleased to state:

(a) whether the Reserve Bank of India has conducted a detailed enquiry on the alleged bogus Overseas Corporate Bodies which came to its notice ;

(b) if so, the details of the scope of this enquiry of RBI with the findings of the RBI; and

(c) the safeguards suggested to protect the economy from bogus OCBs?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (BALASAHEB VIKHE PATIL)

(a) & (b) : Reserve Bank of India (RBI) had conducted inspection of Global Trust Bank`s branches at Nariman Point and Fort, Mumba with reference to the Portfolio Investment Scheme (PIS) transactions of certain Overseas Corporate Bodies (OCBs). The inspection report pointed to the system deficiencies of Global Trust Bank and a possible instance of violation of Exchange Control Regulations. The inspection report has been forwarded by RBI to the Enforcement Directorate.

(c) The RBI have brought out an amendment in the FEMA Regulations on 29.11.2001 banning fresh investment by OCBs under the Portfolio Investment Scheme in India.